Yomeishu Seizo Co Ltd & Anor v Sinma Medical Products (S) Pte Ltd

HIGH COURT (SINGAPORE) — SUIT NO 108 OF 1990
CHAN SEK KEONG J
1 FEBRUARY 1991

Trade Marks — Trade mark infringement — Whether the use of the words '养命酒' by the defendants to describe their Chinese wines infringed the plaintiffs' registered mark '养命酒 Yomeishu' for Japanese wine

Tort — Passing-off — Whether the defendants' mark bore such similarity to the first plaintiffs' trade marks that the public would be deceived or confused into believing that the defendants' business was associated with or connected to the first plaintiffs' business

The first plaintiffs claimed that their predecessors in title have been selling a unique medicated wine ('the Japanese wine') since 1602, known in Japanese/Chinese characters as '养命酒', or phonetically 'Yomeishu' if read in Japanese, or 'Yangmingjiu' if read in Mandarin, and that the Japanese wine has been sold in Singapore since 1970, and advertised since 1973.

The defendants claimed to have imported and sold the Chinese wine in Singapore since 1981. Each bottle of the Chinese wine bore a label with the English words 'Chinese Yangmingjiu' and the Chinese characters '中国养命酒'. The defendants advertised the Chinese wine in Singapore in Chinese newspapers.

On 7 July 1981, the plaintiffs' solicitors wrote a 'cease and desist letter' to the defendants, claiming exclusive rights to the use of '养命酒' which they claimed were 'the Chinese phonetic equivalent to our ... registered trade mark "Yomeishu", and that these characters have through long use and extensive advertising come to be associated exclusively with the plaintiffs' products.

The defendants replied on 22 July 1991 that the Chinese characters meant 'life preserving/prolonging wine' and were ordinary descriptive words which could not have become associated with the plaintiffs' products exclusively.

The plaintiffs' solicitors wrote to the defendants on 22 May 1982 stating that the plaintiffs' trade mark applications in Singapore would be registered on the basis of their clients' corresponding trade mark registration in the UK, and reiterated their threat to take legal action against the defendants.

In UK, the word 'Yomeishu' had been registered since 1975 with the following endorsement: 'The transliteration of the Japanese characters of which the mark consists is 'Yomeishu' which has no meaning.'

This endorsement came about as a result of a miscommunication between the first plaintiffs' trade mark agents and the latter's agents in the UK, in that the request by the UK registrar for clarification as to the meaning of the word 'Yomeishu' was not relayed by the UK agents to the first plaintiffs' trade mark agents. The UK agents also omitted to inform the first plaintiffs' trade mark agents of the terms of the endorsement.

The trade mark applications in Singapore for '养命酒 Yomeishu' were made and accepted based on the UK registrations, with an identical endorsement as in the UK registrations. The advertisements were published in the Government Gazette in 1983. The first plaintiffs did not take action against the defendants until 15 August 1989 when their solicitors sent another 'cease and desist letter' to the defendants.

The plaintiffs took out an interim injunction:

(a) to restrain the defendants from selling, offering for sale, importing, distributing or dealing with wine or medicated wine products bearing the name '养命酒' and for 'Yangmingjiu'; and

(b) for an ancillary order for delivery up to the plaintiffs such wine products.

The plaintiffs contended:

(a) on the basis of s 47 of the Trade Marks Act (Cap 332, 1985 Ed) ('the Act'), ie that registrations of their two marks give prima facie validity;

(b) on the basis of s 48 of the Act, ie that registrations are conclusively valid after seven years 'in all respects';

(c) on the basis of such registrations, the defendants, in their use of the name 'Chinese Yangmingjiu' or '养命酒' for the sale of Chinese wine, have infringed the plaintiffs' rights.

The defendants' case rested, among others, on:

(a) s 48 of the Act, in particular, that the presumption of conclusive validity is defeated if registration is obtained by fraud, in relation to the characters '养命酒', which they claimed are descriptive words;

(b) s 45 of the Act, and that the words 'Chinese Yangmingjiu' or '养命酒' have been adapted to distinguish it from the plaintiffs' marks and that '养命酒' is no deception or confusion.

Held, dismissing the application:

(1) There is a serious issue of fraud to be tried with respect to the registration of the registered mark.

(2) The word 'invented' in s 10 of the Act does not mean invented in the sense of first use of the word if it is a descriptive word, unless a secondary meaning may be established through long use.

(3) There is a serious issue to be tried on the defendants' defence based on their reliance of s 45 of the Act.

(4) The alternative claim of passing-off must fail, as there is no evidence that any consumer has been deceived or confused into thinking that the Chinese wine was or is the first plaintiffs' products, and no sufficient close similarity in the features of the products to amount to passing-off.

(5) On a balance of convenience, the plaintiffs will not suffer any loss which cannot be compensated in monetary terms, and there is no evidence that the defendants would not be able to pay damages to the plaintiffs should the plaintiffs succeed. Also, the defendants are a small business when compared to the plaintiffs and therefore the plaintiffs would not be adversely affected. Further, the plaintiffs had delayed taking action for seven to nine years after the 'cease and desist letter' in 1981, as a result of which the defendants had incurred expenditure in establishing reputation and goodwill.

Cases referred to

1 *Re Joseph Crosfield and Sons Ltd* [1910] 1 Ch 130 (refd)
2 *De Cordova* v *Vick Chemical Co* (1951) 68 RPC 103 (refd)
3 *Canadian Shredded Wheat Co Ltd* v *Kellogg Co of Canada Ltd* [1938] 1 All ER 618 (follD)
4 *McAlister & Co Ltd* v *Pasuma (1960) Ltd & Ors* [1961] MLJ 298 (refd)
5 *Eastman Photographic Co's Application* [1898] AC 571 (refd)

6 *Philipart* v *William Whiteley Ltd* [1908] 2 Ch 274 (refd)
7 *American Cyanamid Co* v *Ethicon Ltd* [1975] AC 396 (refd)
8 *Re GE Trade Mark* [1973] RPC 297 (refd)
9 *Bentley Motor (1931) Ltd* v *Lagonda Ltd* (1947) 64 RPC 33 (refd)
10 *R* v *Registrar General, ex p Smith* TLR 12 November 1990 (refd)
11 *Imperial Tobacco Co Ltd* v *De Pasquali* (1918) 35 RPC (refd)

Legislation referred to
Trade Marks Act (Cap 332, 1985 Ed) ss 10, 15, 44, 45, 47, 48

Jimmy Yim (*Lau Kok Keng* with him) for the plaintiffs.
Brian Ghows (*Anita Fam* with him) for the defendants.

Cur Adv Vult

Chan Sek Keong J: This is a motion by the plaintiffs for an order to restrain the defendants until trial or further order from selling, offering for sale, importing distributing, or dealing with in any manner wine or medicated wine products bearing the mark or name '养命酒' and/or 'Yangmingjiu' which have no connection in the course of the plaintiffs' trade, and an ancillary order for delivery up to the plaintiffs for their safe custody any such wine or medicated wine products.

In the statement of claim, the plaintiffs have pleaded that they are the registered proprietors in Singapore of the trade mark ('the registered mark') consisting of '养命酒 Yomeishu' which is registered as (i) TM No 1400/80 in Part A of the Register from 5 April 1980 in Class 5 in respect of wines, spirits (beverages) and liqueurs, all being medicated, and (ii) TM No 1401/90 in Part A of the Register from 5 April 1980 in respect of wines (with the exception of medicated wines) and spirits (drinks). The registered mark is current and subsisting.

In this action, they claim that the defendants have infringed the registered mark in selling a medicated wine ('the Chinese wine') under the name 'Chinese Yangmingjiu' or '中国养命酒'. Alternatively, they also claim in passing-off. The second plaintiffs are the sole importer and agent in Singapore of the first plaintiffs in respect of their medicated wine. They claim an interim injunction in terms I have set out.

The material facts are as follows. The first plaintiffs claim that their predecessors in title have been selling since 1602, a unique medicated wine (which I shall refer to as 'the Japanese wine') known by the Japanese/Chinese written characters as '养命酒' or phonetically as 'Yomeishu' if the characters are read in Japanese, or known phonetically as 'Yangmingjiu' if the characters are read in Mandarin. I shall refer to this wine as 'the Japanese wine'. They have produced in evidence a document dated March 1813 which referred to the Japanese wine as '养命酒'.

The first plaintiffs say that the Japanese wine has been imported into and sold in Singapore since 1970 and advertised since 1973.

In March 1981, the defendants started importing and selling the Chinese wine under the 'Huang He Lou 黄鹤楼牌' (Yellow Crane Tower) brand which was manufactured in China by Huangshi Drink Factory of Hubei Province, and exported to Singapore by an organization known as China National Native Produce and Animal By-Products Import and Export Corporation, Hubei Native Produce Branch. The Chinese wine was imported into Singapore in bottles each bearing a label with the English words 'Chinese Yangmingjiu' and below them the Chinese characters '中国养命酒'. In between, in smaller letters were the words/characters for the brand name. The bottles were sold in boxes also containing all these features, with the words/characters in gold against a red background.

The defendants obtained exclusive distribution rights to the Chinese wine under an agreement dated 22 September 1981. They then began to advertise the Chinese wine in the Chinese newspapers in Singapore, as a result of which the first plaintiffs came to know of the competition from the Chinese wine.

On 7 July 1981, M/s Donaldson & Burkinshaw ('D & B'), the first plaintiffs' solicitors, wrote to the defendants and, after stating that the word 'Yomeishu' had been registered as a trade mark in Class A since 1970 and that they had pending applications for '养命酒 Yomeishu' in Class B for medicated wines, claimed that they had the exclusive right to the use of the characters '养命酒' which were the 'Chinese phonetic equivalent of our ... registered trade mark "Yomeishu"', and that 'these characters have through long use and extensive advertising come to be associated in the mind of the trade and public exclusively with our clients' herbal tonic or wine and none other'. They threatened to institute legal proceedings unless the defendants ceased their business in respect of the Chinese wine.

The defendants replied on 22 July 1981 that the Chinese characters meant 'life preserving/prolonging wine' and were therefore ordinary descriptive words which could not have become associated exclusively with the Japanese wine. The defendants refused to comply with the first plaintiffs' demand, saying that they would reserve the right to object to the registration of the said characters as a trade mark. The defendants followed this up with their solicitors' letter of 4 October 1981 repeating the same stand.

On 22 May 1982, the first plaintiffs' solicitors informed the defendants that their clients were the registered proprietors of the mark in Part A in respect of the characters '养命酒' in Class 5 (Reg No 1101071) and Class 33 (Reg No 1101072) in the United Kingdom

('UK'), and that accordingly the mark would be treated as a distinctive mark and would be accepted for registration under the Trade Marks Act (Cap 332, 1985 Ed) ('the Act'). After pointing out that their clients had registered the phonetic equivalents of 'YO' and 'MEI' in Japan, Korea, Taiwan, Sarawak, Canada and the United States, they reiterated the threat of legal proceedings.

However, after obtaining registration in Singapore, the first plaintiffs ceased and desisted from threatening the defendants for a period of more than seven years. It was not until 15 August 1989 that D & B sent another 'cease and desist' letter to the defendants in respect of the sale by them of the Chinese wine. The first plaintiffs have given a number of reasons for the period of inaction. I shall comment on it later when dealing with the balance of convenience. At this juncture, it may be convenient to consider how the first plaintiffs came to register '养命酒' as a trade mark in Part A of the United Kingdom Register.

Registration of '养命酒' in the United Kingdom

On 29 August 1978, the first plaintiffs' trade mark agents, Wenping & Co ('Wenping') instructed trade mark agents in Glasgow, M/s Fitzpatricks, to file applications to register the word 'Yomeishu' in its transliterated form, '养命酒' in Class 5 and Class 33 under Part A of the Trade Marks Register. The word 'Yomeishu' had already been registered as a UK mark in 1975. The applications were duly filed on 5 September 1978 and on 13 December 1978, the registrar requested a transliteration of the characters and the *meaning* thereof. On 18 December 1978, Fitzpatricks passed this request on to Wenping but omitted to ask the *meaning* of the characters. On 11 January 1979, Wenping replied that the Chinese characters were a phonetic equivalent of 'Yomeishu', but did not say whether they had any meaning. Fitzpatricks relayed the information to the registrar on 1 February 1979. On 16 May 1979, the registrar notified Fitzpatricks that the applications, if they proceeded, should be treated as associated trade marks with the mark 'Yomeishu' already registered under Reg Nos 1034710 and 1034709, that the applications be amended as indicated (in the reply) and the registrations be endorsed ('the endorsement') with the following clause:

> The transliteration of the Japanese characters of which the mark consists is 'Yomeishu' which has no meaning.

By a letter dated 18 May 1979, Fitzpatricks notified Wenping of the registrar's conditions and said that they would proceed to confirm the acceptability of the amendments. They however appeared to have, again, omitted informing Wenping of the terms of the endorsement. Eventually, on 6 September 1979, Fitzpatricks forwarded to Wenping photocopies of the advertisements of the marks in the *Official Journal* of 5 September 1979, which advertisements contained the endorsement required by the registrar.

Registration of '养命酒 Yomeishu' in Singapore

On 14 March 1980, Wenping instructed D & B to register the words '养命酒 Yomeishu' in Singapore in Part B of the register for wines in Class 5 and Class 33. The following specific instructions were given:

> These new applications are to be filed in Part B of register. Our clients are now preparing evidences of use to establish the distinctiveness of the marks, which will be sent to you when the registrar requires. Points to bear in mind that our clients do want to avoid the deletion of Chinese equivalent like their pending applications' case.

The applications were duly filed on 5 April 1980. On 14 November 1981, D & B informed Wenping that the registrar had requested the filing of evidence of long and substantial use of the mark in Singapore. Such evidence was never filed, as on 8 January 1982, D & B informed the registrar that '养命酒' had been registered in Part A of the Register of Trade Marks in the United Kingdom and requested that the application be amended to Part A. On 16 October 1982, D & B informed the first plaintiffs that the registrar had accepted the mark for advertisement on the following terms:

> In accepting the mark for advertisement, the registrar has imposed the following disclaimer:
>
> > 'The transliteration of the Japanese characters appearing in the mark in 'Yomeishu' which has no meaning'.
>
> In addition, this mark is to be associated with No 77516 and others.
>
> Kindly confirm that the afore-mentioned conditions are acceptable to you.

As the registrations were advertised in the Government Gazette on 29 April 1983 (Class 5) and on 5 August 1983 (Class 33), the presumption must be that the first plaintiffs did accept the registrar's conditions.

Action for infringement

The plaintiffs' case in infringement is based on the registered mark. As registration gives prima facie validity (s 47 of the Act), they should be entitled to an interim injunction to restrain the defendants from infringing their mark in using and continuing to use the works '养命酒' to describe the Chinese wine. They also rely on s 48 which gives, after seven years, conclusive validity to the mark 'in all respects'. The defendants' case, in so far as this motion is concerned, is that, inter alia, the first plaintiffs' original UK registration was obtained by fraud, and therefore the registration in Singapore was not conclusive against the defendants by

virtue of s 48. The defendants have raised other defences but fraud is the main defence in this application.

Section 48 provides as follows:

> In all legal proceedings relating to a trade mark registered under this Act in Part A of the register (including applications under section 39) the original registration in Part A of the register of the trade mark shall after the expiration of 7 years from the date of the original registration be taken to be valid in all respects unless the original registration was obtained by fraud or unless the trade mark offends against section 15:
>
> Provided that nothing in this Act shall entitle the proprietor or a registered user of a registered trade mark to restrain the use by any person of a trade mark identical with or nearly resembling it in relation to goods in relation to which that person or a predecessor in title of his has continuously used that trade mark from a date anterior —
>
> (a) to the use of the first-mentioned trade mark in relation to those goods by the proprietor or a predecessor in title of his; or
> (b) to the registration of the first-mentioned trade mark in respect of those goods in the name of the proprietor or a predecessor in title of his,
>
> whichever is the earlier, or to object (on such use being proved) to that person being put on the register for that identical or nearly resembling trade mark in respect of those goods under section 25.

Descriptive words and distinctiveness

The issue of fraud arises in connection with the question whether the characters '养命酒' were descriptive words which were not distinctive in relation to the first plaintiffs' wine when registration was obtained in Singapore. Under s 10 of the Act, a word or words which have a direct reference to the character or quality of the goods (ie descriptive words) is/are not registrable under Part A except upon evidence of distinctiveness. 'There is no absolute incompatibility between what is descriptive and what is distinctive' (per Fletcher Moulton LJ in *Re Joseph Crosfield and Sons Ltd*[1] at p 145, approved by the Privy Council in *De Cordova* v *Vick Chemical Co*[2] at p 106). It is thus settled law that distinctiveness in relation to the use of descriptive words may be satisfied by adducing evidence that the words have acquired a secondary meaning in connection with the goods of the claimant. But, as the law does not permit any person to claim a proprietary right to the use of common words in a language, it is extremely difficult to establish that common words have acquired a secondary meaning in relation to the goods of the claimant. There are degrees of difficulty in proving a secondary meaning. In the *Vick Chemical* case[2] (concerning the well-known ointment, VapoRub), the Privy Council said:

> But if a word or words are merely descriptive, in the sense that 'cellular cloth' or 'shredded wheat' were said to be merely descriptive in the well-known cases in which their significance was the subject of judicial decision, then it would follow the use of such words by one trader in his mark could not amount to an infringement of the mark of another trader, even if the words formed part of the mark. For no court could conclude that they amounted to one of its essential features and thus sanction just that encroachment on the common of the English language which the law has always refused to permit.
>
> In this case, it would be an abuse of language to place a fancy word such as 'VapoRub' in the same descriptive class as such phrases as 'malted milk' or 'shredded wheat'. This much can be said, that the word has a descriptive element: for it is a compound of two ordinary English words which were chosen for the purpose of suggesting to the reader leading characteristics of the substance sold.

If the words '养命酒' mean 'life nourishing wine', as the defendants say they mean to a literate Chinese, then they would fall within the category of expressions like 'shredded wheat' and 'malted milk' and not 'VapoRub'. In the 'shredded wheat' case, *Canadian Shredded Wheat Co Ltd* v *Kellogg Co of Canada Ltd*,[3] the facts of the case and the decision of Privy Council are succinctly set out in the headnote as follows:

> The appellant company for over 30 years have manufactured and sold a product known as shredded wheat, and, until 1914, when the patent expired, were the sole vendors of the article in Canada. The apparatus for the manufacture of the product was also protected by patent, which expired in 1919, when the appellants' monopoly ceased. The appellant company had registered in 1928 the words 'shredded wheat' as their trade mark to be applied to the sale of biscuits and crackers, and in 1929 the same words were registered as their trade mark to be applied to the sale of cereal foods. The respondent company in 1934 commenced to sell in Canada biscuits of shredded wheat made by substantially the same process. The biscuit was of the same shape as, but smaller than, that made by appellant company, and the carton in which the biscuits were contained was quite different from that used by the appellants. The appellants claimed an injunction to restrain the respondents from infringing their registered trade mark 'shredded wheat', and alternatively, an injunction to restrain the respondents from, by a use of the same words or any words only colourably differing therefrom, passing off their biscuits as the appellant company's biscuits:- Held: (i) the appellants were in no way using the words 'shredded wheat' as indicative of the origin of the goods contained in their carton, but only as descriptive of those goods. The words, which were both the name of, and descriptive of, the invented product, had not acquired the secondary meaning of being distinctive of goods manufactured exclusively by the appellant company, and this was clear from the use made of them by the company in their cartons and advertisements. The requisite secondary meaning of exclusive distinctiveness had not been established. The registration of the appellant company's trade mark 'shredded wheat' was invalid, and the action for infringement failed.
> (ii) *once it was established, as here, that the words 'shredded wheat' were both the name of a product and descriptive of it, an action for passing off through the use of those words must fail.* (Emphasis added.)

At p 631B-G of the judgment, the Privy Council said:

> It must be remembered that 'shredded wheat' was not only the name given by the inventor to a new product which

could be baked into a biscuit, but was also descriptive of the product as to both its composition and its appearance. It must also be remembered that for a lengthy period the plaintiff company enjoyed a legal monopoly of making and selling in Canada the product shredded wheat baked into biscuits, and that, with the negligible exception of some shredded wheat biscuits called muffets, the plaintiff company continued to be the sole maker of the product, baked or otherwise. In these circumstances, it was inevitable that the words 'shredded wheat' and shredded wheat biscuits should become associated in Canada with the goods of the plaintiff company, since many members of the public would get to know that the product shredded wheat was in fact the plaintiff company's product.

This, however, is far from establishing the required meaning of distinctiveness, which must carry with it the feature that the goods distinguished are the goods manufactured by a particular person, and by no other. *A word, or words, to be really distinctive of a person's goods, must, generally speaking, be incapable of application to the goods of anyone else.* It is on this point that the evidence breaks down. It is full of ambiguities. One is left in doubt as to whether a witness, in speaking of shredded wheat, refers to the baked biscuit or to the material of which it is composed, and the answers of many are inconsistent with the witness really believing that the words 'shredded wheat' necessarily indicate goods manufactured by the plaintiff company exclusively, and by no one else. (Emphasis added.)

The principles applied in these cases concerning the English language apply with equal force to any other language in common use in any country. In Singapore it would obviously apply to the Chinese, Tamil or Malay language. In *McAlister & Co Ltd* v *Pasuma (1960) Ltd & Ors*,[4] counsel for M conceded that the Chinese characters in question were descriptive and the only question was whether they had acquired a secondary meaning. There, M had been importing and selling since 1957 in large quantities in Singapore and Malaya essence of chicken under the 'Apollo' brand. When rendered into Chinese, 'Apollo' was read as 'Yi-Po-Ly' (in Mandarin) and meant 'beneficial for restoring strength'. They had also advertised their product as 'Apollo' brand together with the Chinese characters 'Yi-Po-Ly'. P started to sell in 1961 essence of chicken under the name of 'Yipoly' but they rendered it into Chinese as 'I-Pu-Li' and only two of the Chinese characters were the same as those used by the plaintiffs. M's counsel conceded that the Chinese characters 'Yi-Po-Li' used by them were descriptive words. The court held that M had failed to prove that the Chinese characters 'Yi-Po-Li' had acquired a secondary meaning and dismissed their claim for an injunction to restrain P from using 'Yi-Pu-Li'.

I return to '养命酒'. In para 2 of the statement of claim, the plaintiffs say:

> The name '养命酒' consists of three Chinese characters which are also used in the Japanese written language. Although each character has a meaning by itself, the unique combination of '养命酒' is an invention of the founder of the said medicated wine, the said Sokan Shiozawa. The combined word '养命酒' has no official meaning and is not found in any known Chinese or Japanese dictionary or encyclopaedia. The names 'Yomeishu' and 'Yangmingjiu' are English phonetic equivalents or transliteration of the word '养命酒'. These English phonetic equivalents also have no meaning in English.

Paragraph 2 acknowledges that '养命酒' are Chinese characters which are also part of the Japanese language and that each character has a meaning. This must mean that to a Japanese, each word has a meaning and also to a Chinese literate in Chinese each word also has a meaning. It is common ground that to a Japanese and a Chinese, each character in '养命酒' has more or less the same meaning, as its origin is Chinese and the Chinese language has been adopted as part of the Japanese written language. It is not clear what the first plaintiffs mean when they say that '养命酒' in that combination ('the expression') has no *official meaning*.

The first plaintiffs also say that the words 'Yomeishu' and 'Yangmingjiu' are English phonetic equivalents or transliterations of the expression, which they also claim their predecessor in title invented in the 17th century to describe the Japanese wine. They say that the English phonetic equivalents have no meaning in English. But, they do not say in their pleadings that 'Yangmingjiu' when written as '养命酒' has no meaning to a literate Chinese. However, in his submissions, counsel for the first plaintiffs continues to maintain that the endorsement is an honestly held view, that is to say, that '养命酒' have no meaning to a Japanese. However, they appear to have rendered their position unclear by causing, after the commencement of this action, the UK endorsement to be corrected to substitute the word 'Chinese' for the word 'Japanese' on the representation that it was a clerical error. I am not sure whether this amendment improves the first plaintiffs' case in these proceedings. What they now appear to say is that '养命酒' are Chinese characters with no meaning as they are a transliteration of 'Yomeishu' which itself has no meaning. However, there is no evidence that the Singapore endorsement has been corrected so that in Singapore the impression given is that they are Japanese words.

The defendants rely on the opinion of Mr Loo Shaw Chang, the Acting Director of the Chinese Language and Research Centre, National University of Singapore. Mr Loo is of the view that the expression is neither unique nor invented, the first two characters '养命' (meaning 'life nourishing') having been in use in about 200 BC in *A Book of Chinese (Herbal) Medicine* by Shen Nong. He also listed six other Chinese books dating from 100 AD up to 1968 in which '养命' were used. The last character '酒' meant wine. He however admits that he has not been able to trace the origin of the expression. But he is of the view that the expression should mean, to a Chinese, 'the kind of wine that is tonic, nourishing and good for health'.

In the light of Mr Loo's opinion, counsel for the plaintiffs concedes that there is a serious issue on whether '养 命 酒' have the meaning given by Mr Loo. But, he maintains that the expression is unique and an 'invented' expression. In my view, if counsel is unable to refute the opinion of Mr Loo, and he has to accept it for the purpose of this motion, the probability of the first plaintiffs succeeding in establishing that '养 命 酒' are invented words under s 10 of the Act is low, if not remote. The expression might have been 'invented' by the first plaintiffs' predecessor in the unusual sense that they were the first person to use it. But that is not the meaning of invention in s 10 of the Act. The expression is no more invented than 'shredded wheat'. In the 'Solio' case, *Eastman Photographic Co's Application,*[5] at p 581, Lord Herschell said: 'I do not think the combination of two English words is an invented word, even although the combination may not have been in use before.' In *Philipart* v *William Whiteley Ltd*[6] at p 279, Parker J said:

> To be an invented word within the meaning of the Act a word must not only be newly coined, in the sense of not being already current in the English language, but must be such as not to convey any meaning, or, at any rate an obvious meaning to ordinary Englishmen. It must be a word having no meaning or no obvious meaning until one has been assigned to it.

Uniqueness in the sense of being the only person to use the disputed word does not qualify it as a trade mark if it is descriptive, although uniqueness in the sense of long use may establish a secondary meaning.

That being the law, the first plaintiffs could not have registered '养 命 酒' as a trade mark or part of a trade mark under s 10 of the Act unless they could prove that the characters had a secondary meaning of being distinctive of the medicated wine manufactured exclusively by them. The documentary evidence adduced in these proceedings shows that '养 命 酒 Yomeishu' was accepted for registration in Part A solely on the fact of the UK registration and subject to the same conditions, one of which was that '养 命 酒' were Japanese words which had no meaning. In correcting the error in UK, the first plaintiffs have now admitted that '养 命 酒' were and are not Japanese characters with no meaning but Chinese characters with no meaning to a Japanese. They have adduced no expert evidence to contradict Mr Loo's opinion that the expression has a descriptive meaning to a Chinese.

In these circumstances, the defendants say that there is a serious issue on fraud to be tried within the *American Cyanamid*[7] guidelines. They say that there was a suppression from the Singapore registrar of material information on how the first plaintiffs obtained registration of the expression in the UK, that the UK registrar believed and was allowed to believe that the expression was a phonetic of 'Yomeishu' (which word the registrar was aware had no meaning from its prior registration), and had no meaning. Now, of course, they have corrected their own error in admitting that they are Chinese words. Although this is an interlocutory application, I am minded to say that I have no doubt that if the UK registrar had been told that '养 命 酒' were Chinese characters in origin although used by the Japanese as part of their written language and that they conveyed the meaning claimed by the defendants, he would never have accepted the expression for registration as a mark under Part A of the Register. It may also be said that in accepting the endorsement as one of the conditions for registration in Singapore, the first plaintiffs have similarly allowed the registrar to think that '养 命 酒' were Japanese characters with no meaning. In contrast, Wenping themselves did not appear to think that the words had no meaning as they instructed D & B to register them in Part B of the Register.

The first plaintiffs say there was no fraud in obtaining the UK registration in 1978 as they made no representation to the registrar with respect to the meaning of the expression (not having been asked by Fitzpatricks) other than that it was a transliteration of the word 'Yomeishu' which, in Japanese, had no meaning. This is their only substantive defence on the issue of fraud. Their counsel however relied on the procedural objection that fraud was not pleaded in their particulars of objections filed on 18 July 1990. That is so, but although the word 'fraud' was not used, the defendants did rely on s 15 of the Act, the ambit of which is not settled. If there were fraud in the registration, it is arguably disentitled to protection under the rubric of 'otherwise': see Lord Diplock in *Re GE Trade Mark*[8] at p 324. Also, the affidavits filed on behalf of the defendants have expressly alleged fraud in the registration of the registered mark. Moreover, the plaintiffs in their reply and defence to counterclaim have expressly denied that the registrations in both countries were obtained by fraud. In any event, the defendants are relying on fraud as a defence to the application for an interim injunction and not as a ground for expunction under the counterclaim, which has yet to be heard. These are early days yet, and no doubt, the defendants will in due course amend their pleadings. There is no merit in the procedural objection.

'Fraud' is one of those protean concepts in English law. In so far as trade mark legislation is concerned, Roxburgh J had this to say in *Bentley Motor (1931) Ltd* v *Lagonda Ltd*[9] at p 35:

> I am most anxious to avoid defining 'fraud' in the context in which it appears here, because apparently it has not yet been done, and I am not anxious to be the first to do it if it is not necessary for me to do it; but when I see in conjunction the words 'obtained by fraud', I feel bound to hold that it involves some element of actual deception by

the applicant for registration. *I want to make it plain that in using the phrase 'actual deception' I do not necessarily exclude all omissions, because it is quite possible, and I think it is a trite saying, that a statement may be in such a form that having regard to what is omitted it is deceptive, though on the face of it and taken quite alone it is not deceptive.*

But in my judgment a claimant who sets out to say that registration was obtained by fraud must allege some actual deception by word or deed, or some omission by word or deed, of the character which I have just indicated; and accordingly I am not prepared to hear evidence directed to the issue that the registration was obtained by fraud. (Emphasis added.)

Suppressio veri and *suggestio falsi* are the two sides of a bad coin. On the evidence, there is undoubtedly a serious issue of fraud to go to trial with respect to the registration of the registered mark, *notwithstanding* that the applicants' trade mark was deemed distinctive under the proviso to s 10 of the Act which provided as follows:

(1) A trade mark (other than a certification trade mark) registrable in Part A of the register shall contain or consist of at least one of the following essential particulars:

(a) the name of a company, individual or firm represented in a special or particular manner;
(b) the signature of the applicant for the registration or some predecessor in his business;
(c) an invented word or invented words;
(d) a word or words having no direct reference to the character or quality of the goods, and not being according to its ordinary signification a geographical name or surname;
(e) any other distinctive mark; provided that a name, signature, or word or words, other than such as fall within the descriptions in paragraphs (a), (b), (c) and (d), shall not be registrable under this paragraph except upon evidence of its distinctiveness.

(2) For the purposes of this section, 'distinctive' means adapted, in relation to the goods in respect of which a trade mark is registered or proposed to be registered, to distinguish goods with which the proprietor of the trade mark is or may be connected in the course of trade from goods in the case of which no such connection subsists, either generally or, where the trade mark is registered or proposed to be registered subject to limitations, in relation to use within the extent of the registration.

(3) In determining whether a trade mark is adapted to distinguish as aforesaid the Registrar or the court may have regard to the extent to which —

(a) the trade mark is inherently adapted to distinguish as aforesaid; and
(b) by reason of the use of the trade mark or of any other circumstances, the trade mark is in fact adapted to distinguish as aforesaid:

Provided that any mark which has been registered as a distinctive mark in Part A of the register kept in the United Kingdom under the Trade Marks Act 1938 shall be deemed to be a distinctive mark for the purpose of this Act.

If it is contended that s 44 deals with fraud only against the Singapore registrar and not against the United Kingdom registrar and that the Singapore registrations were not fraudulent by reason of the deeming effect of the proviso to s 10, then the further issue arises whether such a statutory provision is applicable to protect or promote in Singapore a fraudulent registration in the United Kingdom. It may be that the provision should be given a purposive interpretation so as not to result in the promotion or protection of fraud: see *R* v *Registrar General, ex p Smith*[10] for an illustration of the principle.

Section 15 of the Act

The defendants have also raised a defence based on s 15 which provides as follows:

(1) It shall not be lawful to register as a trade mark or part of a trade mark any matter the use of which would, by reason of its being likely to deceive or cause confusion or otherwise, be disentitled to protection in a court of justice, or would be contrary to law or morality, or any scandalous design.

(2) No trade mark shall be registered in respect of particular goods or classes of goods set forth in the Schedule unless the trade mark has been and is registered in the United Kingdom in respect of such goods or classes of goods and unless the application for registration is made by the registered proprietor in the United Kingdom or any person deriving his right from the registered proprietor by assignment, transmission or other operation of law.

Counsel for the defendants contends that the existing registration of '养命酒' as part of the registered mark offends s 15 on the ground that, being descriptive words, they are disentitled to protection. This is a difficult argument to sustain in view of the decision of the Court of Appeal in *Imperial Tobacco Co Ltd* v *De Pasquali*[11] that s 11 of the 1905 Act (corresponding to s 15) did not apply to a mark which was not entitled to protection because originally not containing one of the essential particulars. In the words of Lord Diplock in *Re GE Trade Mark*[8] at p 333, 'What s 41 (corresponding to s 48 of the Act) did was to preclude removal of a trade mark from the register after seven years upon any ground of invalidity, such as lack of distinctiveness, which would have applied to the original registration.' In view of my finding that there is a serious issue to be tried on fraud, I need not consider this point further.

Section 45 of the Act

The defendants also rely on s 45 of the Act which reads:

(1) Subject to this section, and sections 48 and 52, the registration of a person in Part A of the register as proprietor of a trade mark (other than a certification trade mark) in respect of any goods shall, if valid, give or be deemed to have given to that person the exclusive right to the use of the trade mark in relation to those goods and, without prejudice to the generality of the foregoing words, that right shall be deemed to be infringed by any person who, not being the proprietor of the trade mark or a registered user thereof using by way of the permitted use, uses a mark identical with it or so nearly resembling it as to be likely to

deceive or cause confusion in the course of trade, in relation to any goods in respect of which it is registered, and in such manner as to render the use of the mark likely to be taken either —

(a) as being use as a trade mark; or
(b) in a case in which the use is use upon the goods or in physical relation thereto or in an advertising circular or other advertisement issued to the public, as importing a reference to some person having the right either as proprietor or as registered user to use the trade mark or to goods with which such a person as aforesaid is connected in the course of trade.

The defendants say that the words 'Chinese Yangmingjiu' or '中国养命酒', when used as a mark, have been adapted to distinguish it from the registered mark. It is contended that the prefix 'CK' made it distinguishable from '养命酒 Yomeishu'. They also say that '养命酒' are used in a descriptive sense, so that it is not likely to deceive or cause confusion in the course of trade in relation to the first plaintiffs' wine. These are questions of fact which can only be established at the trial of the action. Accordingly, there is a serious issue on this defence. The registered mark is not simply '养命酒' but '养命酒 Yomeishu', whereas the defendants have been using 'Chinese Yangmingjiu' and/or '中国养命酒'. Counsel for the first plaintiffs has indicated from the Bar that the Japanese wine has invariably been advertised and promoted in the form of the registered mark and that neither 'Yomeishu' or '养命酒' is ever used in isolation but always together. Even if this were not so, an issue of fact arises whether any Chinese-literate consumer in Singapore of the Chinese wine would mistake it for the Japanese wine. No such evidence has been adduced before me.

Passing-off

There is an alternative claim in passing-off. On the materials before the court, the motion as based on this cause of action must fail. This again is a question of fact. No evidence has yet been adduced of any consumer having been deceived or confused into thinking that the Chinese wine was or is the product of the first plaintiffs. It is not obvious from a cursory comparison of the respective shapes of the bottles used for the bottling of the Japanese wine and the Chinese wine, the labels thereon and the get up of the boxes in which they are sold to the public that there is sufficiently close similarity in the essential particulars to justify the immediate conclusion of passing off.

Balance of convenience

As to the balance of convenience, I start with the consideration of damages as required by the *American Cyanamid*[7] guidelines. On the evidence, I do not think that the plaintiffs will suffer any loss which cannot be compensated in monetary terms or that the defendants would not be able to pay any such damages that the plaintiffs would be entitled to should they succeed in this action. There is no allegation or any evidence that the Chinese wine is in any way inferior to the first plaintiffs' wine. Accordingly, the question of damage to the reputation and goodwill of the first plaintiffs in the Japanese wine, which might be irreparable, does not arise for consideration.

The sales of the Chinese wine in Singapore for the years 1981-1989 as claimed by the defendants are as follows:

Total yearly sales for Chinese Yangmingjiu

1981	201 ctns	S$25,376.25
1982	321 ctns	S$41,550.00
1983	214 ctns	S$28,187.50
1984	179 ctns	S$25,775.64
1985	137 ctns	S$18,621.04
1986 (Jan to June)	60 ctns	S$ 8,155.20
1987	—	—
1988	136 ctns	S$18,485.12
1989	245 ctns	S$33,300.40
Total	1,493 ctns	S$199,451.15

In comparison, the sales of the Japanese wine claimed by the plaintiffs are as follows:

Extracted from Letat Agencies Pte Ltd's audited accounts

Year	Total sales of all products	Total sales of Yomeishu	Percentage of Yomeishu's sales against all other products
1986	S$1,129,562	S$1,006,554	89%
1987	S$1,401,535	S$1,327,159	95%
1988	S$2,254,010	S$2,083,151	92%
1989	S$2,528,294	S$2,129,242	84%

These figures show that the defendants were and are not seriously in competition with the plaintiffs. As the defendants are small players compared with the plaintiffs in the sale of medicated wine, the grant of an interim injunction will adversely affect the defendants more than if it is not granted.

There is also a countervailing factor against the granting of an interim injunction in this case, and that is the inordinate delay on the part of the first plaintiffs in commencing legal proceedings against the defendants for infringement and passing off. The first plaintiffs were aware as early as 1981 that the defendants were selling the Chinese wine in Singapore. In spite of their earlier threats to institute legal proceedings and the registration of the registered mark in Singapore since 1983, they went to sleep for seven to nine years. They have given a number of reasons for not doing anything from 1981 to 1983, from 1983 to 1986 and from 1989 to 1990. I do not propose to recount these reasons or to comment on their validity except that, in my view, none

of them, even if accepted, actually prevented them from taking action if they had wanted to. They were legally entitled to do so, but the curious fact remains that they did not do so until the registered mark became conclusive under s 44 of the Act.

The consequence of the first plaintiffs' inaction was that the defendants were allowed to import, promote by means of advertising and sell the Chinese wine for this long period of time. They have incurred expenditure in building up whatever reputation and/or goodwill they may have in the Chinese wine. Having hibernated for seven to nine years, I am not persuaded that the first plaintiffs' business is suddenly threatened by the defendants' business in the Chinese wine. This is clearly a case where equity will not help him who fails to help himself. The balance of convenience is clearly and preponderantly in favour of the defendants. The status quo ante bellum must remain.

Notwithstanding the evidence adduced by the plaintiffs and the submission of counsel for the plaintiffs with respect to the activities of the Malaysian dealers or manufacturers of the Chinese wine, the alleged conduct of the Chinese exporters of the Chinese wine, their alleged reneging of their promises not to export the Chinese wine to South East Asia and not to use '养命酒' to describe such wine, I do not propose to comment on the evidence. Neither the Malaysian manufacturers nor the Chinese exporters (and there is even a dispute on their identities during the period from 1981 to 1990) are parties to this action. Moreover, the present action is not based on the alleged binding agreement with the Chinese exporters, and in any event there is a dispute as to the scope of this agreement, whether the defendants knew of it and if so, whether they are bound by it or if it gives rise to a cause of action against them. The plaintiffs have also alleged that the defendants have not acted bona fide in the way they imported their wine and that they had committed offences under the Customs Act (Cap 70, 1985 Ed) in the way they described the Chinese wine in their import declarations. All these matters are disputed, and if they are relevant at all in this action, they can only be resolved at the trial.

For the above reasons, the application for an interim injunction is dismissed. Costs will be reserved until the trial of the action.

Application dismissed.

Solicitors: *Donaldson & Burkinshaw; Khattar Wong & Partners.*

Reported by *Faizah Jamal*

Re Inter-Builders Development Pte Ltd

HIGH COURT (SINGAPORE) — COMPANIES WINDING UP NO 63 OF 1990
RAJENDRAN J
18 JANUARY 1991

Companies and Corporations — Winding up — Winding-up petition — Statutory demand under s 254(2)(a) of Companies Act (Cap 50, 1990 Ed) — Whether errors in statutory demand rendered statutory demand ineffective — Whether company unable to pay its debts — Whether just and equitable to wind up company

Inter-Builders Development Pte Ltd ('the company') was incorporated on 3 January 1980 in order to acquire a piece of land at Jalan Dermawan, develop a condominium on it and sell the units in the condominium for profit. The petitioner, Tang Tat Meng ('Tang'), together with his sister and brother, held 40% of the share capital. One Tai Choi, his wife and mother-in-law, held 40% whilst the balance of 20% was held by one Mdm Yu.

Tang was the managing director of the company and as a result of misunderstandings amongst the shareholders, resigned as managing director and commenced the winding-up proceedings on 27 March 1990. The petition for winding up was based on the grounds that the company was unable to pay its debts and that it was just and equitable that the company should be wound up. The company opposed the petition on the basis that: (1) on a preliminary issue, the amount due as stated in the statutory demand was in error and should be $167,990 instead of $168,590; (2) on the merits, that Tang mismanaged the company and caused serious detriment to the company and the company had a cause of action against Tang for, inter alia, breach of duties as a director; (3) that the company did not owe Tang any outstanding salary, bonus, directors' fees or loans and that even if it did, it was agreed by all the directors and shareholders of the company that the claims would not be deemed to be due and payable until after the condominium project was completed.

Held, granting the petition:

(1) Section 254(2)(a) of the Companies Act (Cap 50, 1990 Ed) would operate if the petitioning creditor could establish that a sum exceeding $2,000 is due to him and he had made a demand for a sum in excess of $2,000 in the manner provided in s 254(2)(a) which the debtor has neglected to pay. To hold otherwise would make every winding-up order bad where the creditor had demanded the smallest sum above what was actually due to him.

(2) There were no substantial or bona fide grounds on which the company could found a claim against Tang in respect of the way in which he managed money as alleged. This view is supported by the fact that the company has for such a long period of time done nothing to enforce its alleged claims against Tang.

(3) There were substantial grounds to say that there was an agreement between the shareholders that their loans to the company would not be repaid until after the project accounts had been released.

(4) In respect of the claim for outstanding salary, bonus and directors' fees, there was no evidence tendered to support the contention that there had been an agreement to defer payment of these items. Of the total sum of $167,990 claimed by Tang, a sum of $45,040 was payable by the company to Tang. The company did not pay this debt because it was